

CONRAIL



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No. 1
JUN 27 1983
Date.....
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RECORDATION NO. _____

ICC Washington, D. C.

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INTERSTATE COMMERCE COMMISSION June 22, 1983

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I.C.C.
FEE OPERATION BR.

Agatha Mergenovich
Secretary
Interstate Commerce Commission
Washington, DC 20423

Dear Ms. Mergenovich:

Enclosed are four verified copies of an Equipment Lease described below, to be recorded pursuant to Section 11303 of Title 49 U.S. Code.

This Equipment Lease document is a primary document dated February 25, 1983. This document covers Equipment described in Schedule A, attached.

The names and addresses of the parties to the documents are as follows:

Merrill Lynch/IRFC Leasing	(Owner and Lessor
Partners One	of the Equipment)
200 Chestnut Ridge Road	
Woodcliff Lake, NJ 07675	


Consolidated Rail Corporation	(Lessee of the
1138 Six Penn Center Plaza	Equipment)
Philadelphia, PA 19104	

The parties intend and assume that the enclosed Equipment Lease is a true lease for all purposes and that Merrill Lynch/IRFC Leasing is the owner of each Unit of Equipment.

June 22, 1983
Page 2

A fee of \$50.00 is enclosed. Please return any extra copies not needed by the Commission for recordation to the undersigned.

Sincerely,

A handwritten signature in cursive script, reading "Paula G. Pressman". The signature is fluid and extends to the right.

Paula G. Pressman
Corporate Attorney

Consolidated Rail Corporation
1138 Six Penn Center Plaza
Philadelphia, PA 19104
(215) 977-5036

PGP:des

Enclosure (Chk. #283562)

Interstate Commerce Commission
Washington, D.C. 20423

6/27/83

OFFICE OF THE SECRETARY

Paula G. Pressman
Corporate Attorney
Conrail Corp.
Six Penn Center Plaza
Phila. PA. 19104

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 6/27/83 at 1:30pm, and assigned re-recording number(s). 14078

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

Leasing Partners One**A Partnership of Units of
Ingersoll-Rand and Merrill Lynch**

JUN 27 1983 - 1 20 PM

INTERSTATE COMMERCE COMMISSION

Equipment Lease**Merrill Lynch/IRFC Leasing Partners One**
One Paragon Drive, Montvale, New Jersey 07645 (201) 573-3300

Lease dated as of February 25, 19 83, between **Merrill Lynch/IRFC Leasing Partners One**,
c/o Ingersoll-Rand Financial Corporation, Managing Agent, One Paragon Drive, Montvale, New Jersey 07645 ("Lessor"), and
Consolidated Rail Corporation, a Pennsylvania (State) having its
(Type of Entity)
principal office at 6 Penn Center Plaza Philadelphia, Pa ("Lessee").

1. **Lease.** Subject to the terms hereof, Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the equipment and/or other property ("Equipment") described on Schedules to this Lease executed from time to time by Lessor and Lessee.

2. **Term.** The term of this Lease for all items of Equipment included on any Schedule shall commence on the date the first of such items is accepted by Lessee, or such other date as may be specified on such Schedule ("Commencement Date"), and, subject to the terms hereof, shall continue for the period of time set forth on said Schedule. Upon acceptance of each item of Equipment, Lessee shall execute and deliver to Lessor, Lessor's form of Delivery and Acceptance Acknowledgment.

3. **Rental.** With respect to each Schedule, Lessee shall pay to Lessor total rental equal to the product of (i) the periodic rental payments specified on such Schedule and (ii) the number of rental payments specified on such Schedule. Any advance rental and/or security deposit specified on a Schedule shall be due upon execution of such Schedule by Lessee. Lessee shall not be entitled to any interest on or discount for any advance rental. Subject to payment by Lessee of any advance rental applicable to the first installment, the first installment of rental with respect to each Schedule shall be due on the Commencement Date. Unless otherwise specified on any such Schedule, subsequent installments of rental shall be due in advance on the first day of each ensuing calendar period specified on such Schedule.

All rentals shall be paid to Lessor at Lessor's address indicated on such Schedule, or at such other address as Lessor may specify by notice to Lessee. All such rentals shall be paid without notice or demand, and Lessee's obligation to pay such rentals shall be absolute and unconditional and not subject to any abatement, reduction, set-off, defense, counterclaim or recoupment ("Abatements") for any reason whatsoever (including, without limitation, Abatements due to any present or future claims of Lessee against Lessor under this Lease or otherwise, or against the manufacturer or vendor of the Equipment); nor, except as otherwise expressly provided herein, shall this Lease terminate or the obligations of Lessee hereunder be affected by reason of any defect in or damage to, or any loss or destruction of, any Equipment from any cause whatsoever, or the interference with the use thereof by any private person, corporation or governmental authority, or the invalidity or unenforceability or lack of due authorization of this Lease or lack of right, power or authority to enter into this Lease, or for any other cause, whether similar or dissimilar to the foregoing, any present or future law or regulation to the contrary notwithstanding. If any rentals or other sums due hereunder are not paid within 5 days of the due date thereof, Lessee shall pay to Lessor on demand, as additional rental, interest thereon from the due date until payment at a rate equal to the lesser of (i) 2 percent per month or (ii) the maximum rate permitted by law.

4. **Errors in Estimated Cost.** The amount of each rental installment and any advance rental and/or security deposit set forth on each Schedule is based upon the estimated total cost of the Equipment to Lessor initially set forth on said Schedule, and each of the foregoing shall be adjusted proportionately if the actual cost of the Equipment differs from said estimate. Lessee hereby authorizes Lessor to correct the figures set forth on such Schedule when the actual cost is known and to insert on such Schedule any serial number or other more specific description of the Equipment and the Commencement Date of this Lease with respect to such Schedule when ascertained. As used herein, "actual cost" means the total cost to Lessor of purchasing and causing delivery and, where applicable, installation of the Equipment, including, without limitation, all taxes, insurance and transportation charges paid by Lessor in connection therewith.

5. **Disclaimer of Warranties.** LESSEE ACKNOWLEDGES THAT: (i) THE EQUIPMENT IS OF A SIZE, DESIGN, CAPACITY AND MANUFACTURE SELECTED BY LESSEE; (ii) LESSOR IS NOT A MANUFACTURER THEREOF OR A DEALER IN PROPERTY OF SUCH KIND; (iii) NEITHER THE VENDOR(S) NAMED ON ANY SCHEDULE ("Vendor") NOR ANY REPRESENTATIVE OF ANY SUCH VENDOR OR ANY MANUFACTURER OF THE EQUIPMENT IS AN AGENT OF LESSOR OR AUTHORIZED TO WAIVE OR ALTER ANY TERM OR CONDITION OF THIS LEASE; AND (iv) LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE ANY WARRANTY, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING WITHOUT LIMITATION, THE CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE EQUIPMENT. Lessor shall not in any event be responsible to Lessee or anyone claiming through Lessee for any damages, direct, consequential, or otherwise, resulting from the delivery, installation, use, operation, performance or condition of any Equipment, or any delay or failure by any Vendor in delivering and/or installing any Equipment or performing any service for Lessee. Subject to Lessor's right to do so, Lessor hereby assigns and agrees to use its best efforts to otherwise make available to Lessee for the term of this Lease any warranty which has been extended to Lessor by the manufacturer or Vendor of the Equipment. Any amounts received by Lessee as payment under any such warranty shall be applied to restore the Equipment to the condition required by this Lease, with the balance of such amount, if any, to be paid over to Lessor. Lessee shall not take any action or fail to take any action, the effect of which would be to invalidate such warranty.

6. **Maintenance and repairs.** Lessee, at its own cost and expense, shall make all necessary and appropriate repairs, replacements and renewals, whether ordinary or extraordinary, foreseen or unforeseen, in each case so as to keep the Equipment in the same condition as warranted by the manufacturer of the Equipment and as required by such manufacturer's specifications when the Equipment was accepted by Lessee hereunder, and in compliance with any improvements required by any law, regulation or order of any regulatory body in order to operate the Equipment for its intended use, ordinary wear and tear excepted. Lessor shall not be required to make any repairs, replacements or renewals whatsoever to the Equipment or to make any expenditures in connection with the maintenance thereof. All replacement parts for the Equipment shall be the property of Lessor, and title thereto shall immediately vest in Lessor without further act at the time affixed to the Equipment. Lessee at its own expense may make such modifications, improvements, accessions and additions ("Additions") to the Equipment as Lessee may deem desirable; provided, however, that no such Addition shall diminish the value or utility of the Equipment or substantially change the nature or quality of the Equipment as determined by Lessor; and provided further, such Addition is readily removable from the Equipment without causing damage to the Equipment. Lessee may at any time prior to the return to or repossession of the Equipment by Lessor remove any such Addition, if such Addition (i) is not a substitute or replacement of any part of the Equipment, (ii) is not required by any law, regulation or order of any regulatory body to use, own or operate the Equipment, and (iii) can be removed from the Equipment without causing any damage to or diminishment in the value or utility which the Equipment would have had at such time had such Addition not been made, assuming the Equipment was maintained as required by this Lease. Any such Addition complying with the requirements of the preceding sentence shall be a "Removable Addition". Title to any Removable Addition shall remain in Lessee; provided, however, that if any such Removable Addition shall not for any reason be removed from the Equipment prior to its return to or repossession by Lessor, title to such Removable Addition shall without compensation to Lessee vest in Lessor at the time of such return or repossession. Lessee further covenants that each such Removable Addition will at all times prior to removal be kept free and clear of any and all liens or encumbrances. Title to any Addition which does not constitute a Removable Addition shall without compensation to Lessee vest in Lessor at the time added or affixed to the Equipment. Notwithstanding the foregoing, Lessee shall not make any Additions to the Equipment unless the same are permitted without adverse tax affects to Lessor pursuant to Rev. Proc. 79-48, 1979-2 C. B. 529, as amended and supplemented from time to time.

7. **Security Deposit.** The security deposit, if any, specified on each Schedule shall secure the full and faithful performance of all agreements, obligations and warranties of Lessee hereunder, including, but not limited to, the agreement of Lessee to return the Equipment upon the expiration or earlier termination of this Lease in the condition hereinafter specified. Such deposit shall not excuse the performance of any such agreements, obligations or warranties of Lessee or prevent a default. Lessor may (but need not) apply all or any part of such security deposit toward discharge of any overdue obligation of Lessee. To the extent any portion of such security deposit is so applied by Lessor, Lessee shall forthwith restore the security deposit to its full amount. If upon the expiration of the term of this Lease with respect to any Schedule, Lessee shall have fully complied with all of its agreements, obligations and warranties hereunder, the unused portion of any security deposit with respect to said Schedule will be refunded to Lessee. Lessor shall not be obligated to pay any interest on any such deposit.

12. *Income Tax Indemnification.* Lessee and Lessor agree that this agreement is a lease for federal income tax purposes. Lessee agrees that Lessor is entitled to and shall have the right to claim the following tax benefits (the "Tax Benefits") with respect to the Equipment or any item thereof: (i) the investment tax credit (the "Investment Tax Credit") pursuant to Section 38 of the Internal Revenue Code of 1954, as amended, (the "Code") entirely in the taxable year in which the Equipment is accepted under this Lease in an amount equal to the percentage of the cost of the Equipment to Lessor specified in the applicable Schedule (unless Lessor has agreed in writing to pass the right to claim such Investment tax Credit to Lessee); (ii) Accelerated Cost Recovery System ("ACRS") deductions pursuant to Section 168 of the Code with respect to the Equipment in amounts based upon a tax basis equal to the actual cost of the Equipment to Lessor and on the Recovery Class indicated on the applicable Schedule to this Lease, with deductions allowable in the percentages of such cost specified in Section 168(b)(1)(A) of the Code; and (iii) treatment of all items of income and deduction relating to this Lease as from sources wholly within the United States. Lessee further agrees that Lessor will not be required to include any amounts in its gross income as a result of this Lease other than the rentals payable hereunder at such times as such rentals are due hereunder.

Lessee represents, warrants and covenants that: (i) the entire cost of the Equipment to Lessor is Recovery Property as defined in Section 168 of the Code of the Recovery Class indicated on the applicable Schedule to this Lease and qualifies for the Investment Tax Credit as "New Section 38 Property" (as defined in the Code) in the hands of Lessor and will be Section 38 Property of Lessor throughout the term of this Lease; (ii) no one other than Lessor or a party claiming through Lessor has any interest in the tax ownership of the Equipment; (iii) Lessee will not claim any Investment Tax Credit or ACRS deductions with respect to the Equipment; (iv) Lessee will take all actions necessary, including actions requested by Lessor from time to time, to perfect the tax ownership of Lessor in the Equipment, (v) at the expiration of the applicable Lease term the Equipment will have a remaining useful life of at least the longer of one year or 20% of the Equipment's total useful life and a residual value (without regard to inflation or deflation) of at least 20% of the cost of the Equipment to Lessor (however, this is not a guarantee of such value); and (vi) the Equipment is not "Limited Use Property" within the meaning of Revenue Procedures 75-28, 1975-1 C. B. 752 and 76-30, 1976-2 C. B. 647.

If Lessor incurs a disallowance, elimination, recapture, reduction, or disqualification, in whole or in part, of any Tax Benefits (a "Loss"), Lessee shall pay to Lessor as additional rent the amount which, after deduction therefrom of all taxes, interest, additions to tax and penalties that have been or will be required to be paid by Lessor at the highest marginal corporate tax rates under all applicable federal, state and local laws, regulations and ordinances, will compensate Lessor for the Loss.

Notwithstanding the foregoing, Lessor shall be responsible for, and shall not be entitled to a payment under this Section 12 on account of, any Loss due solely as a direct result of one or more of the following events: (i) a disqualifying disposition due to Lessor's sale of the Equipment except for any sale occasioned by Lessee's default; (ii) a failure of Lessor to timely claim any Tax Benefits unless in the reasonable opinion of Lessor's tax counsel there is no basis for such claim; (iii) any event which by the terms of this Lease requires payment by Lessee of the Stipulated Loss Value of the Equipment; or (iv) the failure of Lessor to have sufficient liability for Federal income tax against which to credit the Investment Tax Credit or sufficient income to offset the ACRS deductions.

Upon receipt of formal notification by Federal or state taxing authorities of a proposed disallowance or adjustment of any credit or deduction arising from this Lease for which additional rent may be payable by Lessee in accordance with this Section 12, Lessor shall promptly notify Lessee thereof. Lessor hereby agrees to exercise in good faith its best efforts (determined in the sole discretion of Lessor's tax counsel to be reasonable, proper and consistent with the overall tax interests of Lessor) to avoid a Loss; provided, however, that Lessor has the sole discretion to determine whether or not to undertake judicial or administrative proceedings beyond the level of a Federal or state auditing agent; and provided, further, that Lessor shall not be required to take any action pursuant to this sentence unless and until Lessee irrevocably acknowledges in writing its obligation to indemnify Lessor for the Loss and any liability or loss which Lessor may incur as a result of contesting such Loss and shall have paid to Lessor on demand all costs and expenses which Lessor may incur in contesting such Loss. All of Lessor's rights and privileges arising from the indemnities contained in this Section 12 shall survive the expiration or other termination of this Lease, and such indemnities are expressly made for the benefit of, and shall be enforceable by Lessor and its successors and assigns.

13. *Title.* All Equipment shall remain personal property notwithstanding the manner in which it may be attached to realty, and title thereto shall remain in Lessor exclusively. Lessee shall keep the Equipment free from all liens and encumbrances, and Lessee shall use the Equipment in a careful and proper manner, in compliance with all laws and regulations and in conformity with the manufacturer's operating instructions and procedures. Lessee shall execute and/or furnish to Lessor any further instruments and assurances reasonably requested from time to time by Lessor to protect its interest, and Lessee shall at its expense otherwise cooperate to defend the title of Lessor and to maintain the status of the Equipment as personal property, including, without limitation, the execution of financing statements and the furnishing of waivers with respect to rights in the Equipment from the owners and mortgagees of the real estate on which the Equipment is or will be located. Lessor may file or record any such financing statements, waivers or other instruments in order to protect its interest. If Lessor so requests, Lessee will at its expense, cause the Equipment to at all times during the term of the Lease be conspicuously marked to show the ownership of Lessor.

14. *Quiet Enjoyment.* So long as Lessee shall not be in default and fully performs all of its obligations hereunder, Lessor will not interfere with the quiet use and enjoyment of the Equipment by Lessee.

15. *Return.* Upon the expiration or earlier termination of this Lease with respect to any Equipment, Lessee shall return such Equipment to Lessor in the condition required by Section 6 hereof. Lessee shall make such return, at its expense, by causing such Equipment to be assembled, crated and loaded on board such carrier as Lessor shall specify and shipping the same, freight and insurance prepaid, to the destination specified by Lessor. Lessee shall pay to Lessor on demand as additional rental hereunder, the cost of any repairs necessary to then place the Equipment in the condition required by this Lease. If Lessor shall so require, Lessee will provide free storage and insurance for any Equipment at Lessee's location for a period not exceeding sixty (60) days from the date of expiration or earlier termination of this Lease.

16. *Lessee's Warranties.* Lessee warrants to Lessor that (a) if Lessee is a corporation or partnership, Lessee is and shall at all times hereafter be duly organized and validly existing in good standing under the laws of the State indicated above and has duly authorized the execution, delivery and performance of this Lease; (b) this Lease has been duly and validly executed and delivered by Lessee and constitutes and will constitute the valid and binding obligation of Lessee, and is and will be enforceable in accordance with its terms; (c) the execution, delivery and performance of this Lease by Lessee will not violate any law or other governmental requirement or, if Lessee is a corporation, Lessee's corporate charter or by-laws; nor will it constitute a default under any agreement, instrument or document to which Lessee is now or hereafter a party or by which Lessee is now or will hereafter be bound; (d) all financial statements and information which have been or may hereafter be submitted to Lessor relating to Lessee or any guarantor of Lessee's obligations hereunder ("Guarantor") have been and will be complete, true and correct and have been and will be prepared in accordance with generally accepted accounting principles; (e) there has been no material adverse change in the financial condition of Lessee or any Guarantor since the last submission of such financial information to Lessor; and (f) the Equipment is being leased by Lessee solely for business or commercial purposes. Lessee agrees to deliver to Lessor at any time or times hereafter such documents, including, without limitation, certified resolutions and legal opinions, as Lessor may reasonably request to demonstrate Lessee's compliance with the foregoing. Each of the above warranties shall be continuing and shall be deemed remade concurrently with the execution by Lessee of each Schedule and Delivery and Acceptance Acknowledgement.

17. *Assignment.* Lessee hereby consents to any assignment or encumbrance by Lessor of this Lease or all or any part of the rentals hereunder or the rights of Lessor in the Equipment, with or without notice. Lessee agrees that the rights hereunder of any assignee or creditor of Lessor shall not be subject to any defense, setoff or counterclaim that Lessee may have against Lessor, and that any such assignee or creditor shall have all of Lessor's rights hereunder, but none of Lessor's obligations. Notwithstanding the foregoing, no such assignment or encumbrance shall release any of Lessor's obligations hereunder or any claim which Lessee may have against Lessor. Neither this Lease nor any of Lessee's rights hereunder shall be assignable by Lessee, either by its own act or by operation of law, without the prior written consent of Lessor, and such attempted assignment shall be void. Lessee further agrees it will not, without the prior written consent of Lessor, allow the Equipment to be used by persons other than employees of Lessee, or rent or sublet any Equipment to others or remove any Equipment from the location specified on the applicable Schedule describing such Equipment.

18. *Lessor's Right to Terminate.* Without limiting the rights of Lessor in the event of a default by Lessee, Lessor shall at any time prior to acceptance of any Equipment have the right to terminate this Lease with respect to such Equipment if (a) there shall occur a material adverse change in Lessee's or any Guarantor's financial position or credit standing, or (b) such Equipment is not for any reason delivered to and accepted by Lessee before the latest delivery date therefor specified in the Schedule describing such Equipment, or (c) any condition of Lessor's obligation to lease such Equipment set forth herein or in any other agreement between Lessor and Lessee shall not be fulfilled within the time specified. Upon any termination by Lessor pursuant to this Paragraph, Lessee shall forthwith reimburse to Lessor all sums paid by Lessor with respect to such Equipment and pay to Lessor all other sums then due hereunder; whereupon, if Lessee is not then in default and has then fully performed all of its obligations hereunder, Lessor will upon request of Lessee transfer to Lessee, without warranty or recourse, any rights that Lessor may then have with respect to such Equipment.

19. *Right to Perform Obligations.* If Lessee shall fail to make any payment or perform any act or obligation required of Lessee hereunder, Lessor may (but need not) at any time thereafter make such payment or perform such act or obligation at the expense of Lessee. Any payment so made or expense so incurred by Lessor shall constitute additional rental hereunder payable by Lessee to Lessor upon demand. The performance of any act or payment of any monies by Lessor, as aforesaid, shall not be deemed a waiver or release of any obligation or default on the part of Lessee. Notice is hereby given that Lessor shall not be liable for any labor, service or materials furnished or to be furnished to Lessee or with respect to any Equipment.

20. **Events of Default.** Lessee shall be in default hereunder if: (a) Lessee shall fail to pay any installment of rental or other sum due hereunder and such failure shall continue for more than 5 days; or (b) Lessee shall fail to observe or perform any other provision of this Lease and such failure shall continue for more than 5 days after notice thereof from Lessor to Lessee; or (c) Lessee shall fail to maintain in effect any insurance required by this Lease; or (d) any representation or warranty of Lessee in this Lease or in any document executed by Lessee in connection herewith shall prove to be untrue when made in any material respect; or (e) Lessee or any Guarantor shall die; or (f) Lessee or any Guarantor shall become insolvent, cease doing business as a going concern or make an assignment for the benefit of creditors; or (g) Lessee or any Guarantor shall apply for or consent to the appointment of a custodian, receiver, trustee or liquidator for all or substantially all of its or his property, or such a custodian, receiver, trustee or liquidator its appointed without the consent of Lessee and such appointment is not vacated within 60 days; or (h) a petition shall be filed by or against Lessee or any Guarantor under the Federal Bankruptcy Act or any similar law or regulation providing for the relief of debtors (including, without limitation, a petition for reorganization, arrangement, composition, extension or liquidation), and if such a petition is filed against Lessee or such Guarantor, it is not dismissed within 60 days; or (i) Lessee or any Guarantor shall default under any other agreement with Lessor or any corporation which is a partner of Lessor or an affiliate of any such partner; or (j) Lessee shall default under any other agreement providing for the payment of borrowed money, the deferred purchase price of property or rent or hire under any lease or charter of real or personal property.

21. **Remedies Upon Default.** In the event of any default by Lessee, Lessor may, at its option, do one or more of the following: (a) terminate this Lease and Lessee's rights hereunder; (b) proceed by appropriate court action to enforce performance of the terms of this Lease and/or recover damages for the breach hereof; (c) by notice in writing, cause Lessee, at Lessee's expense, promptly to return the Equipment to the possession of Lessor in accordance with the terms of Section 15 hereof, or Lessor directly or by its agent, and without notice or liability or legal process may enter upon any premises where any Equipment is located, take possession of such Equipment, and either store it on said premises without charge or remove the same (any damages occasioned by such taking of possession, storage or removal being waived by Lessee); and/or (d) declare as immediately due and payable and forthwith recover from Lessee, as liquidated damages and not as a penalty, an amount equal to the sum of (i) all rentals and other sums then due and unpaid hereunder and (ii) the then aggregate Stipulated Loss Value of the Equipment ("Liquidated Damages"), together with interest thereon as provided in Section 3 hereof and all other charges recoverable hereunder.

In the event of any repossession of any Equipment by Lessor, Lessor may (but need not), without notice to Lessee, (A) hold or use all or part of such Equipment for any purpose whatsoever, (B) sell all or part of such Equipment at public or private sale for cash or on credit and/or (C) relet all or part of such Equipment upon such terms as Lessor may solely determine, in each case without any duty to account to Lessee except as herein expressly provided. After any repossession of Equipment by Lessor there shall be applied on account of the obligations of Lessee hereunder one of the following chosen at the option of Lessor: (x) the net proceeds actually received by Lessor from a sale of such Equipment, after deduction of all expenses of sale and other expenses recoverable by Lessor hereunder, or (y) the then "net fair market value" of such Equipment, as determined by an appraisal made by an independent appraiser selected by Lessor at Lessee's expense, taking into account a reasonable estimate of all expenses necessary to effect a sale and the other expenses recoverable by Lessor hereunder; and Lessee shall remain liable, subject to all provisions of this Lease, for the balance of the Liquidated Damages and all other charges hereunder. No termination, repossession or other act by Lessor after default shall relieve Lessee from any of its obligations hereunder. In addition to all other charges hereunder, Lessee shall pay to Lessor on demand all fees, costs and expenses incurred by Lessor as a result of such default, including without limitation, reasonable attorneys', appraisers' and brokers' fees and expenses and costs of removal, storage, transportation, insurance and disposition of the Equipment (except to the extent deducted from "net fair market value" or net proceeds of sale, as aforesaid). In the event that any court of competent jurisdiction determines that any provision of this Section 21 is invalid or unenforceable in whole or in part such determination shall not prohibit Lessor from establishing its damages sustained as a result of any breach of this Lease in any action or proceeding in which Lessor seeks to recover such damages. To the extent permitted by law, Lessee hereby waives trial by jury and any right of setoff or counterclaim in any action between Lessor and Lessee. The remedies provided herein in favor of Lessor shall not be exclusive, but shall be cumulative and in addition to all other remedies existing at law or in equity, any one or more of which may be exercised simultaneously or successively.

22. **Non-Waiver.** Lessor's failure at any time to require strict performance by Lessee of any provision hereof shall not waive or diminish Lessor's rights thereafter to demand strict performance thereof or of any other provision. None of the provisions of this Lease shall be held to have been waived by any act or knowledge of Lessor, but only a written instrument executed by Lessor and delivered to Lessee. Waiver of any default shall not be a waiver of any other or subsequent default.

23. **Notices; Inspection; Communications.** Lessee shall give Lessor immediate notice of any attachment, judicial process, lien, encumbrance or claim affecting the Equipment, any loss or damage to the Equipment or material accident or casualty arising out of the use, operation or condition of the Equipment, and any change in the residency or principal place of business of Lessee or any Guarantor. Lessor may (but need not), for the purpose of inspection, at all reasonable business hours, enter from time to time upon any premises where the Equipment is located. All notices required or permitted hereunder shall be in writing and shall be deemed duly given if delivered personally or mailed, by first class, registered or certified mail, to the respective addresses of the parties set forth at the beginning of this Lease or any other address designated by notice served in accordance herewith.

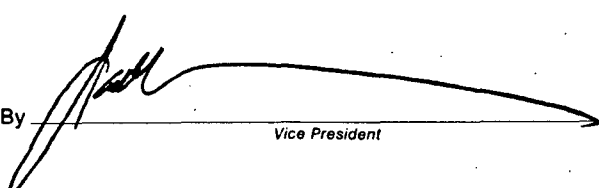
24. **Financial and Other Information.** Lessee shall furnish to Lessor (a) within 45 days after the end of each fiscal quarter of Lessee during the term hereof, a statement of profit and loss and of surplus of Lessee for the quarter then ended, and a balance sheet of Lessee as at the end of such quarter, all in reasonable detail and certified by its principal financial officer, and (b) within 120 days after the end of each fiscal year of Lessee during such time, a statement of profit and loss and of surplus of Lessee for such fiscal year-end and a balance sheet of Lessee as at the end of such year, all in reasonable detail and certified by a reputable firm of independent public accountants. Lessee shall furnish to Lessor such other information about the condition and affairs of Lessee and any Guarantor and about the Equipment as Lessor may from time to time reasonably request.

25. **Miscellaneous.** If any provision of this Lease or the application thereof is hereafter held invalid or unenforceable, the remainder of this Lease shall not be affected thereby, and to this end the provisions of this Lease are declared severable. Titles to Sections shall not be considered in the interpretation of this Lease. This Lease (including the Schedules and any Riders hereto) sets forth the entire understanding between the parties and may not be modified except in a writing signed by both parties. Except as may be expressly provided in any Schedule or Rider hereto, no options to purchase any of the Equipment or extend the term of this Lease with respect to any Equipment have been granted to Lessee by Lessor, and none shall be implied by this Lease. If there is more than one Lessee, the obligations of Lessee hereunder are joint and several. The necessary grammatical changes required to make the provisions hereof apply to corporations, partnerships and/or individuals, men or women, shall in all cases be assumed as though in each case fully expressed. Subject to the terms hereof, this Lease shall be binding upon and inure to the benefit of Lessor and Lessee and their respective personal representatives, successors and assigns. This Lease shall be governed in all respects by the laws of the State of New Jersey. This Lease is submitted to Lessor for its acceptance or rejection and will not become effective until accepted by Lessor in writing at its principal office. THIS LEASE IS IRREVOCABLE BY LESSEE FOR THE FULL TERM HEREOF AND FOR THE AGGREGATE RENTALS HEREIN RESERVED. The individuals executing this Lease on behalf of Lessee personally warrant that they are doing so pursuant to due authorization and that by so executing this Lease, Lessee is being bound hereby.

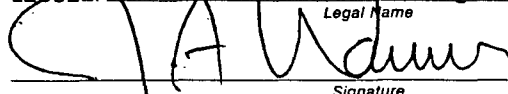
Dated as of the day and year first above written.

Accepted by Lessor

MERRILL LYNCH/IRFC LEASING PARTNERS ONE
INGERSOLL-RAND FINANCIAL CORPORATION
MANAGING AGENT

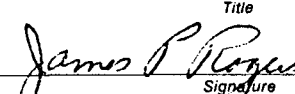
By  Vice President

LESSEE: Consolidated Rail Corporation

 Legal Name

J. A. WARNERS

ASSISTANT TREASURER - FINANCING

WITNESS:  Signature

JAMES P. ROGERS

Printed Name

**A Partnership of Units of
Ingersoll-Rand and Merrill Lynch**

Merrill Lynch/IRFC Leasing Partners One
One Paragon Drive, Montvale, New Jersey 07645 • (201) 573-3300

Equipment:

Vendor:

See Schedule A

Original Location: _____

Estimated Delivery Date: _____

Latest Delivery Date: _____

Initial Term of Lease: 84 months

Commencement Date (if ascertained): See Schedule B

Rental: \$ 40,846.65 per month

Number of Rental Payments: 84

Lessors' Address for Rental Payments: P.O. Box 8500 S-4540

Philadelphia, PA 19178

Advance Rental: \$ 40,846.65

Security Deposit: None

Estimated Total Cost of Equipment: \$ 2,514,259.12

Maximum Total Cost of Equipment: \$ 2,515,000.00

Recovery Class 5 years Investment Tax Credit Percentage 10

Additional Provisions:

Dated as of February 25, 19 83

Accepted by Lessor
MERRILL LYNCH/IRFC LEASING PARTNERS ONE
INGERSOLL-RAND FINANCIAL CORPORATION
Managing Agent
Montvale, New Jersey 07645

By _____
Vice President

JAMES M. VANDERVALK
Vice President

Lessee: Consolidated Rail Corporation

Legal Name

Legal Name Q A W

Signature

J. A. Warner

Printed Name _____

Assistant Treasurer-Financing

Title

WITNESS: James F. Rogers

Signature

James P. Rogers

Printed Name _____

SCHEDULE A

Three (3) Kershaw Manufacturing Co. Dual Adzer w/26" abrasive cut-off saw, Mdl. 38-1-1 s/n 38-108-83, s/n 38-109-83, s/n 38-110-83.

Two (2) Marmon Transmotive Tie Plate Aligners and Tie Plate Carrier Machines s/n 2002, s/n 2003.

Eleven (11) Fairmont Railway Motors W-104-E-1-1 Tie Plug Insert s/n 252091, s/n 252092, s/n 252093, s/n 252094, s/n 252095, s/n 252523, s/n 252524, s/n 252525, s/n 252526, s/n 252527, s/n 252528.

Three (3) Holley Engineering Co. Tie Plate Remover Mdl. 52, s/n 111, s/n 112, s/n 113.

Two (2) Holley Engineering Co. Scrap Picker, Mdl. 51 s/n 114, s/n 115.

Eight (8) Railway Track Work Co., Cradle Carrier Cars, Mdl. CCC s/n 101, s/n 102, s/n 103, s/n 104, s/n 105, s/n 106, s/n 107, s/n 108.

Six (6) Railway Track Work Co., Crib Ballast Remover, Mdl. DWD5, s/n 106, s/n 107, s/n 108, s/n 109, s/n 110, s/n 111.

Ten (10) Nordberg Super "B" Multi-Purpose Automatic Spiker and Gauging Machines s/n 419, s/n 420, s/n 421, s/n 422, s/n 423, s/n 424, s/n 425, s/n 426, s/n 427, s/n 429.

SCHEDULE B

In accordance with Section 40 of the Lease:

<u>Equipment</u>	<u>Commencement Date</u>	<u>No. of Days</u>	<u>Interim Rent</u>
Three Dual Adzers	March 8, 1983	24	\$ 8,352.58
Two Tie Plate Aligners	March 8, 1983	24	279.66
Three Tie Pluggers	March 25, 1983	7	152.91
Four Tie Pluggers	March 15, 1983	17	493.86
Four Tie Pluggers	March 24, 1983	8	234.04
Three Plate Removers	March 8, 1983	24	2,228.04
One Scrap Picker	March 31, 1983	1	32.45
One Scrap Picker	March 24, 1983	8	260.24
Four Cradle Cars	March 15, 1983	17	283.06
Four Cradle Cars	March 24, 1983	8	136.32
Six Crib Ballast Removers	March 8, 1983	24	1,066.72
One Automatic Spiker	March 29, 1983	3	104.27
One Automatic Spiker	March 14, 1983	18	622.00
Five Automatic Spikers	March 8, 1983	24	4,141.54
Two Automatic Spikers	March 30, 1983	2	137.72
One Automatic Spiker	March 31, 1983	1	<u>34.65</u>
			<u>\$18,560.06</u>

Leasing Partners One

A Partnership of Units of
Ingersoll-Rand and Merrill Lynch

Stipulated Loss Value Table

Merrill Lynch/IRFC Leasing Partners One
One Paragon Drive, Montvale, New Jersey 07645 (201) 573-3300

TO AND HEREBY MADE A PART OF SCHEDULE NO. 1 TO EQUIPMENT LEASE DATED AS OF February 25, 1983
BETWEEN MERRILL LYNCH/IRFC LEASING PARTNERS ONE, ("Lessor") AND _____
Consolidated Rail Corporation _____ ("Lessee").

The "Stipulated Loss Value" of any Equipment as of a particular date shall be an amount equal to the product of (x) the actual cost of such Equipment to Lessor, and (y) the percentage specified below opposite the aggregate number of full rental installments paid (other than installments paid prior to their due date) and/or then payable by Lessee to Lessor with respect to such Equipment.

STIPULATED LOSS VALUE TABLES (84 MONTHS)

Number of Installments	Percentage	Number of Installments	Percentage	Number of Installments	Percentage
1	104.32	36	85.65	71	39.43
2	104.39	37	84.99	72	38.13
3	104.45	38	80.60	73	36.80
4	104.51	39	79.96	74	35.46
5	104.59	40	79.34	75	34.13
6	104.68	41	78.77	76	32.82
7	104.76	42	78.22	77	31.52
8	104.87	43	77.67	78	30.23
9	105.00	44	77.17	79	28.92
10	105.14	45	76.71	80	27.63
11	103.70	46	76.25	81	26.35
12	103.49	47	73.60	82	25.05
13	103.27	48	72.71	83	22.94
14	99.31	49	71.81	84	21.48
15	99.08	50	67.18	Thereafter	20.00
16	98.87	51	66.29		
17	98.70	52	65.43		
18	98.56	53	64.60		
19	98.41	54	63.81		
20	98.31	55	63.00		
21	98.25	56	62.24		
22	98.20	57	61.52		
23	96.26	58	60.79		
24	95.83	59	57.86		
25	95.39	60	56.71		
26	91.23	61	55.54		
27	90.80	62	50.64		
28	90.40	63	49.47		
29	90.04	64	48.32		
30	89.71	65	47.21		
31	89.38	66	46.12		
32	89.09	67	45.02		
33	88.85	68	43.95		
34	88.61	69	42.92		
35	86.29	70	41.87		

Dated as of February 25 19 83

Accepted by Lessor
MERRILL LYNCH/IRFC LEASING PARTNERS ONE
INGERSOLL-RAND FINANCIAL CORPORATION
Managing Agent
Montvale, New Jersey 07645

By _____
Vice President

JAMES M. VANDERVALK
Vice President

Consolidated Rail Corporation
Lessee.

Legal Name
Signature

ASSISTANT TREASURER-FINANCING

Printed Name
Title

WITNESS:

Signature
JAMES P. ROGERS
Printed Name

Leasing Partners One

A Partnership of Units of
Ingersoll-Rand and Merrill Lynch

Rider No. 4
Purchase Option

Merrill Lynch/IRFC Leasing Partners One
One Paragon Drive, Montvale, New Jersey 07645 (201) 573-3300

To and part of Schedule(s) No. 1 to Equipment Lease dated as of February 25, 19 83
between Merrill Lynch/IRFC Leasing Partners One ("Lessor") and Consolidated Rail Corporation
("Lessee").

PURCHASE OPTION: Provided that Lessee is not then in default and has then fully performed all of its obligations hereunder, Lessee shall have the option at the expiration of the original and any renewal term of this Lease with respect to each Schedule hereto, exercisable upon not less than 90 days prior written notice to Lessor, to purchase all, but not less than all, of the Equipment leased under such Schedule, on an "as-is, where-is" basis and without warranty by Lessor, for a price (plus applicable taxes) equal to the then fair market value of such Equipment, as installed, as determined by an appraisal prepared by an independent appraiser chosen by Lessor with the approval of Lessee (such approval not to be unreasonably withheld). The cost of such appraisal shall be borne by Lessee.

Dated as of February 25, 19 83

Accepted by Lessor

Merrill Lynch/IRFC Leasing Partners One
Ingersoll-Rand Financial Corporation
Managing Agent

By JAMES M. VANDERVALK
Vice President

JAMES M. VANDERVALK
Vice President

Lessee: Consolidated Rail Corporation

Legal Name

Signature

Printed Name

ASSISTANT TREASURER - FINANCING

Title

Witness:

Signature

Printed Name

Leasing Partners One

A Partnership of Units of
Ingersoll-Rand and Merrill Lynch

Rider No. 1

Merrill Lynch/IRFC Leasing Partners One
One Paragon Drive, Montvale, New Jersey 07645 (201) 573-3300

To and part of Schedule(s) No. 1 & 2 to Equipment Lease dated as of February 25, 19 83 between
Merrill Lynch/IRFC Leasing Partners One ("Lessor") and Consolidated Rail Corporation
("Lessee").

26. Additional Insurance Provisions. It is understood and agreed that Lessee will maintain a program of self insurance or risk assumption, whereby, Lessor, at its sole cost and expense, provides for the loss or theft of or damage to the Equipment for the full replacement value thereof as specified in the stipulated Loss Value Schedule attached hereto. Lessee shall provide (a) insurance against loss, theft, and destruction or damage of the Equipment, and (b) comprehensive public liability insurance against claims for personal injuries, death and property damage in no event less comprehensive in amounts and against risk customarily insured against by Lessee in respect of similar Equipment owned or leased by it and as is usually carried by Class I railroads. Lessee shall pay applicable premiums for insurance. All proceeds of insurance received by the Lessor with respect to any Equipment not suffering an event of loss shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to any Equipment with respect to which such proceeds were paid has been fully repaired. Any such proceeds of insurance received by the Lessor with respect to event of loss shall be credited toward the payment required with respect to such event of loss.

Upon request of Lessor, Lessee will advise Lessor of the status of any negotiations regarding the renewal of insurance policies. Lessee agrees to advise Lessor immediately upon the failure of Lessee to maintain insurance policies required hereunder. In the event Lessor deems it necessary to obtain insurance as a result of Lessee's failure to maintain insurance under this lease, Lessee will reimburse Lessor for the cost of said insurance.

27. Additional Indemnity Provisions. The last sentence of Section 10 is deleted, and the following is substituted: If Lessor advises Lessee in good faith that an important general interest of Lessor is involved in any Claim, Lessor may participate in the defense or settlement of any such Claim without diminution of Lessee's obligations hereunder. Participation shall mean that Lessee will consider in good faith the position of Lessor with regard to such Claim and will provide Lessor with the details of the Claim and the negotiation or litigation of the settlement thereof.

28. Additional Income Tax Indemnification Provisions. In addition to the provisions of Section 12 (a) Lessee will not be obligated to indemnify Lessor for any loss incurred solely as a direct result of any change in Federal Income Tax Law which is enacted and effective after December 31, 1983. (b) The Investment Tax Credit will be equal to 10% of Lessor's cost of the Equipment. The ACRS deductions pursuant to Section 168 Code will be based on 95% of Lessor's cost of the Equipment pursuant to deductions allowable for five year property. (c) In the event that Lessee requests in writing that Lessor contest any such loss beyond the level of the Federal or State auditing agent, the Lessee also irrevocably acknowledges its liability in writing to indemnify Lessor for any such loss. Lessor will request the opinion of Lessor's independent tax counsel (selection of such independent tax counsel is subject to the approval of Lessee, not to be unreasonably withheld, as to such counsel's ability and expertise in tax matters) as to the position of the Lessor and the taxing authority with respect to such loss. If such counsel's written opinion is that it is more likely than not that the position of the Lessor will prevail over the position of the taxing authority, Lessor agrees to contest such loss to the next judicial or administrative level. Lessor shall in its sole discretion, control the choice of any forum and contest of the loss. If Lessor chooses to pay any tax penalty or interest resulting from such loss and sue for a refund, Lessee agrees to pay to Lessor the amount necessary as determined by the Lessor pursuant to Section 12 in order for Lessor to make such tax payment and sue for a refund. Lessee agrees that Lessor shall not be required to take any action unless and until Lessee has paid to the Lessor, on demand, all costs and expenses which the Lessor may incur in contesting such loss.

Dated as of February 25, 19 83

Accepted by Lessor

Merrill Lynch/IRFC Leasing Partners One
Ingersoll-Rand Financial Corporation
Managing Agent

By JAMES M. VANDERVALK
Vice President

JAMES M. VANDERVALK
Vice President

Lessee: Consolidated Rail Corporation

Legal Name

Signature

Printed Name

ASSISTANT TREASURER-FINANCING

Title

Witness:

Signature

Printed Name

Leasing Partners One

A Partnership of Units of
Ingersoll-Rand and Merrill Lynch

Rider No. 2

Merrill Lynch/IRFC Leasing Partners One
One Paragon Drive, Montvale, New Jersey 07645 (201) 573-3300

To and part of Schedule(s) No. 1 & 2 to Equipment Lease dated as of February 25, 19 83 between
Merrill Lynch/IRFC Leasing Partners One ("Lessor") and Consolidated Rail Corporation
("Lessee").

29. Additional Return Provisions. Section 15 of the Lease is hereby amended to provide that Lessee's obligation to return the Equipment to the Lessor shall be limited to any destination specified by the Lessor along Lessee's rail system.

30. Additional Assignment Provisions. Section 17 is hereby amended to provide that Lessor agrees that it will not assign this lease without the prior written consent of Lessee, such consent not to be unreasonably withheld.

31. Additional Provision Regarding Section 18. Lessor will not pay any such obligations if it has been advised in writing by Lessee that Lessee is contesting in good faith by appropriate proceedings the validity and/or the amount of such obligations, provided that in Lessor's opinion its rights in the Equipment are not jeopardized and Lessee shall have provided to Lessor security satisfactory in form and substance to Lessor for the payment of the amount being contested.

32. Additional Default Provisions. Sections 20 (g), (h), (i), and (j) of the Lease are hereby deleted. The following provisions are added as additional Events of Default. Lessee shall be in default hereunder if: a) a petition for reorganization under Title 11 of the United States Code, as now constituted or as said Title 11 may be hereafter amended, shall be filed by or against the Lessee and (unless such petition shall have been dismissed, nullified, stayed, or otherwise rendered ineffective but then only so long as such stay shall continue in force or such ineffectiveness shall continue) all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order to decree, by a trustee or trustees appointed in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees within 30 days after such appointment or 60 days after such petition shall have been filed, whichever shall be earlier. b) Any other proceedings shall be commenced by or against the Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions, or extensions (other than a law which does not permit any readjustment of the indebtedness payable hereunder) and (unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective but then only so long as such stay shall continue in force or such ineffectiveness shall continue) all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment or 60 days after such proceedings shall have been commenced, whichever shall be earlier.

Dated as of February 25, 19 83

Lessee: Consolidated Rail Corporation

Accepted by Lessor

Merrill Lynch/IRFC Leasing Partners One
Ingersoll-Rand Financial Corporation
Managing Agent

By Vice President

JAMES M. VANDERVALE
Vice President

Witness:

Legal Name
Signature
J. A. WARDER
Printed Name
ASSISTANT TREASURER-FINANCING

Title

Signature
JAMES P. ROGERS
Printed Name

Leasing Partners One

A Partnership of Units of
Ingersoll-Rand and Merrill Lynch

Rider No. 3

Merrill Lynch/IRFC Leasing Partners One
One Paragon Drive, Montvale, New Jersey 07645 (201) 573-3300

To and part of Schedule(s) No. 1 & 2 to Equipment Lease dated as of February 25, 19 83 between
Merrill Lynch/IRFC Leasing Partners One ("Lessor") and Consolidated Rail Corporation
("Lessee").

33. Filing with Interstate Commerce Commission, Filings Under the Uniform Commercial Code. Lessee agrees at its sole expense to cause this lease and all Schedules to this Lease to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. Section 11303 and to provide Lessor with the recordation number, or such other evidence of filing as Lessor reasonably requests. Lessor will prepare forms U.C.C.-1 financing statements, or their equivalent, for execution by Lessee, and filing in any states or localities as Lessor deems appropriate. Lessee agrees to pay on demand to Lessor as additional rental hereunder, the costs incurred by Lessor for any such filings.

34. Governing Law. Section 25 of this Lease is amended to provide that this Lease shall be governed in all respects by the laws of the State of Pennsylvania.

35. Additional Provision Regarding Section 11. Lessee's obligation to indemnify Lessor from Taxes measured by the net income of the Lessor shall be limited to Taxes imposed by states ^{other than those states} in which Lessor is subject to such Taxes measured by net income as a result of activities of Lessor other than this Lease.

36. Lessor's Inspection. Unless Lessee is in default hereunder, Lessor's inspection of the Equipment will be at Lessor's risk and expense.

37. Purchase Option. Provided that Lessee is not then in default and has then fully performed all of its obligations hereunder, Lessee shall have the option at the expiration of the original and any renewal term of this Lease with respect to each Schedule hereto, exercisable upon not less than 90 days prior written notice to Lessor, to purchase all, but not less than all, of the Equipment leased under such Schedule, on an "as-is, where-is" basis and without warranty by Lessor, for a price (plus applicable taxes) equal to the then fair market value of such Equipment, as installed, as determined by an appraisal prepared by an independent appraiser chosen by Lessor with the approval of Lessee (such approval not to be unreasonably withheld). The cost of such appraisal shall be borne by Lessee.

38. Renewal Option. Provided that Lessee is not then in default and has then fully performed all of its obligations hereunder, Lessee shall have the option at the expiration of the original and any renewal term of this Lease under each Schedule hereto, exercisable upon not less than 90 days prior written notice to Lessor, to renew this Lease with respect to such Schedule for an additional three year period at a rental, payable monthly in advance, equal to the then "fair rental value" of the Equipment leased under such Schedule. "Fair rental value" shall be determined by an appraisal made by an independent appraiser approved by both Lessor and Lessee (such approvals not to be unreasonably withheld). The cost of such appraisal shall be borne by Lessee.

39. Additional Provision Regarding Lessee Warranties. Section 16(c) is hereby deleted. The following is added: Lessee warrants to Lessor that the execution, delivery and performance of this Lease by Lessee are within the corporate powers of Lessee and are legal and will not conflict with, result in any breach in any of the provisions of, constitute a default under, or result in the creation of any lien upon any property of the Lessee under the provisions of, any charter instrument, by-law, bond, debenture, note, mortgage, indenture, deed of trust, agreement or other instrument to which the Lessee is a party or by which it may be bound or to which any of its property may be subject.

40. Additional Provision Regarding Remedies. The parenthetical in Section 21 (c), "any damages occasioned by such taking possession, storage or removal being waived by Lessee" is deleted, and the following is substituted: "without liability to Lessee, except such as is caused intentionally or by the gross negligence of Lessor, its employees or agents".

Dated as of February 25, 19 83

Lessee: Consolidated Rail Corporation

Accepted by Lessor

Merrill Lynch/IRFC Leasing Partners One
Ingersoll-Rand Financial Corporation
Managing Agent

By JAMES M. VANDERVALE
Vice President

JAMES M. VANDERVALE
Vice President

J. A. Warner
Legal Name
J. A. WARNER
Signature
Printed Name
ASSISTANT TREASURER-FINANCING
Title

Witness: James P. Rogers
Signature
JAMES P. ROGERS
Printed Name

Leasing Partners One

A Partnership of Units of
Ingersoll-Rand and Merrill Lynch

Rider No. 4

Merrill Lynch/IRFC Leasing Partners One
One Paragon Drive, Montvale, New Jersey 07645 (201) 573-3300

To and part of Schedule(s) No. 1 & 2 to Equipment Lease dated as of February 25, 1983 between
Merrill Lynch/IRFC Leasing Partners One ("Lessor") and Consolidated Rail Corporation ("Lessee").

Section 40. Interim Rent and Base Rent Provisions. Rentals shall be payable under this Lease as follows:

(a) Interim Rent. Interim Rent shall be payable for an interim period commencing on the date of the delivery and acceptance of any item of Equipment and continuing through and including March 31, 1983. Interim rentals are payable in arrears on April 1, 1983. Interim rent will be equal to 75% of the daily equivalent of the lease rate factor multiplied by the Lessor's cost of equipment accepted under the Lease. The daily interim rental rates are .040615% of Lessor's cost of Equipment accepted under Schedule 1 and .045035% of the Lessor's cost of Equipment accepted under Schedule 2.

(b) Base Rent. The base period will commence on April 1, 1983 and will continue for 84 months with regard to Equipment leased under Schedule 1 of the Lease and for 72 months with regard to Equipment leased under Schedule 2 of the Lease. Base rental as set forth in Schedule 1 is 1.6246% of Lessor's cost of the Equipment payable monthly in advance for 84 months, Base rental as set forth in Schedule 2 is 1.8014% of Lessor's cost of the equipment leased under Schedule 2 payable monthly in advance for 72 months.

The first monthly base period rental under Schedules 1 and 2 to the Lease is payable monthly in advance on April 1, 1983 and on the first day of each month thereafter for 84 months with regard to Equipment leased under Schedule 1, and for 72 months with regard to Equipment leased under Schedule 2 to the Lease.

Dated as of February 25, 19 83

Accepted by Lessor

Merrill Lynch/IRFC Leasing Partners One
Ingersoll-Rand Financial Corporation
Managing Agent

By JAMES M. VANDERVALK
Vice President

Lessee: J.A. WARNER
Legal Name
Signature
Printed Name
ASSISTANT TREASURER-FINANCING
Title
Witness: JAMES P. ROGERS
Signature
Printed Name

Leasing Partners One

A Partnership of Units of
Ingersoll-Rand and Merrill Lynch

Delivery and Acceptance Acknowledgement

Merrill Lynch/IRFC Leasing Partners One
One Paragon Drive, Montvale, New Jersey 07645 (201) 573-3300

TO: MERRILL LYNCH/IRFC LEASING PARTNERS ONE ("Lessor")
INGERSOLL-RAND FINANCIAL CORPORATION, MANAGING AGENT
One Paragon Drive
Montvale, NJ 07645

RE: Equipment Lease Dated February 25, 1983
Schedule No. 1
Vendor: Various

The undersigned ("Lessee") hereby acknowledges that:

1. The Equipment leased under the above Equipment Lease and Schedule:
 - (a) has been delivered to and, as of this date, unconditionally accepted by the Lessee;
 - (b) is in good condition (operating and otherwise) and repair;
 - (c) is in full compliance with the terms of said Lease;
 - (d) is new personal property and no original use thereof has commenced prior to the date hereof; and
 - (e) is marked to show Lessor's interest in the manner requested by Lessor.
2. Unless otherwise specified on said Schedule, the Commencement Date under said Schedule is, and the obligation of the Lessee to pay rental with respect to said Equipment commences on, the date of this Acknowledgement.
3. In the event that the Lessee shall at any time hereafter have any problems with said Equipment, it will look solely to said Vendor for satisfaction and will nevertheless continue to pay rentals to Lessor free of any setoff, counterclaim or defense.

Lessee further certifies that (i) no event has occurred and is continuing which constitutes a default by Lessee under the Lease, (ii) no event has occurred and is continuing which, with the giving of notice, passage of time, or both would constitute such a default by Lessee under the Lease, and (iii) that there has not occurred any material adverse change in the financial or business condition of Lessee or any guarantor of Lessee's obligations to Lessor since the date of the last financial statements submitted to Lessor by Lessee or any such guarantor.

Lessee further acknowledges and understands that based upon the foregoing, Lessor will cause the balance of the purchase price for said Equipment to be paid to said Vendor.

Dated this 11th day of April, 19 83

Consolidated Rail Corporation
Lessee
By: J A Warner
Printed Name: J. A. Warner
Title: Assistant Treasurer-Financing

INGERSOLL-RAND®
LEASING / FINANCING

Schedule No. 2

~~INGERSOLL-RAND FINANCIAL CORPORATION~~ MERRILL LYNCH/IRFC LEASING PARTNERS ONE
One Paragon Drive, Montvale, NJ 07645 (201) 573-3300

To and hereby made a part of Equipment Lease dated as of February 25, 19 83
between ~~INGERSOLL-RAND FINANCIAL CORPORATION~~ MERRILL LYNCH/IRFC LEASING PARTNERS ONE
(("Lessor")) and Consolidated Rail Corporation
("Lessee").

Equipment:

One (1) Kershaw Manufacturing
Company Tie Plate Sweepers, Mdl 35-7
s/n 35-105-83

Three (3) Kershaw Manufacturing
Company Dual Ballast Cribbers,
Mdl 17-1-1
s/n 17-108-83;
17-109-83;
17-110-83

Vendor:

The Kershaw Manufacturing
Company, Inc.
P. O. Drawer 9328
Montgomery, AL 36196

Original Location: _____

Estimated Delivery Date: _____

Latest Delivery Date: _____

Initial Term of Lease: 72 months

Commencement Date (if ascertained): see Additional Provisions below

Rental: \$ \$9,402.10 per month

Number of Rental Payments: 72

Lessors' Address for Rental Payments: P. O. Box 8500 S-4540
Philadelphia, PA 19178

Advance Rental: \$ 9,402.10

Security Deposit: None

Estimated Total Cost of Equipment: \$ 521,933.07

Maximum Total Cost of Equipment: \$ 522,000.00

Recovery Class 5 years Investment Tax Credit Percentage 10

Additional Provisions: In accordance with Section 40 of the Lease:

<u>Equipment</u>	<u>Commencement Date</u>	<u># of Days</u>	<u>Interim Rent</u>
One Plate Sweeper	March 9, 1983	23	\$ 408.34
Three Dual Ballast Cribbers	March 8, 1983	24	5,215.17

Dated as of February 25, 19 83

Lessee: Consolidated Rail Corporation

Accepted by Lessor
~~INGERSOLL-RAND FINANCIAL CORPORATION~~ MERRILL LYNCH/
IRFC LEASING PARTNERS ONE
One Paragon Drive
Montvale, New Jersey 07645
INGERSOLL-RAND FINANCIAL CORPORATION
Managing Agent

By _____
Vice President

JAMES M. VANDERVALK
Vice President

Legal Name

J. A. Warner
Signature

J. A. Warner
Printed Name

Assistant Treasurer-Financing
Title

WITNESS:

James P Rogers
Signature
JAMES P ROGERS
Printed Name

Leasing Partners One

A Partnership of Units of
Ingersoll-Rand and Merrill Lynch

Rider # 6

Stipulated Loss Value Table

Merrill Lynch/IRFC Leasing Partners One
One Paragon Drive, Montvale, New Jersey 07645 (201) 573-3300

TO AND HEREBY MADE A PART OF SCHEDULE NO. 2 TO EQUIPMENT LEASE DATED AS OF 2/25 19 83
BETWEEN MERRILL LYNCH/IRFC LEASING PARTNERS ONE, ("Lessor") AND
Consolidated Rail Corporation ("Lessee").

The "Stipulated Loss Value" of any Equipment as of a particular date shall be an amount equal to the product of (x) the actual cost of such Equipment to Lessor, and (y) the percentage specified below opposite the aggregate number of full rental installments paid (other than installments paid prior to their due date) and/or then payable by Lessee to Lessor with respect to such Equipment.

STIPULATED LOSS VALUE TABLES (72 MONTHS)

Number of Installments	Percentage	Number of Installments	Percentage	Number of Installments	Percentage
1	104.26	37	78.19		
2	104.17	38	73.58		
3	104.08	39	72.70		
4	103.99	40	71.83		
5	103.91	41	70.99		
6	103.84	42	70.19		
7	103.76	43	69.37		
8	103.71	44	68.58		
9	103.67	45	67.83		
10	103.64	46	67.07		
11	102.05	47	64.40		
12	101.67	48	63.26		
13	101.27	49	62.10		
14	97.14	50	57.21		
15	96.73	51	56.05		
16	96.34	52	54.90		
17	95.97	53	53.77		
18	95.64	54	52.67		
19	95.30	55	51.55		
20	94.99	56	50.45		
21	94.73	57	49.38		
22	94.47	58	48.30		
23	92.42	59	45.42		
24	91.80	60	43.97		
25	91.16	61	42.51		
26	86.79	62	37.30		
27	86.15	63	35.82		
28	85.54	64	34.35		
29	84.96	65	32.89		
30	84.40	66	31.44		
31	83.84	67	29.97		
32	83.31	68	28.51		
33	82.83	69	27.07		
34	82.34	70	25.60		
35	79.95	71	23.29		
36	79.08	72	21.66		
		Thereafter	20.00		

Dated as of February 25 19 83

Accepted by Lessor
MERRILL LYNCH/IRFC LEASING PARTNERS ONE
INGERSOLL-RAND FINANCIAL CORPORATION
Managing Agent
Montvale, New Jersey 07645

By Vice President

JAMES M. VANDERVALK
Vice President

Lessee Consolidated Rail Corporation

Legal Name

Signature

ASSISTANT TREASURER-FINANCING

Printed Name

S.A. WARNER

Title

WITNESS:

Signature

JAMES P. ROGERS

Printed Name

Leasing Partners One

A Partnership of Units of
Ingersoll-Rand and Merrill Lynch

Rider No. 5
Purchase Option

Merrill Lynch/IRFC Leasing Partners One
One Paragon Drive, Montvale, New Jersey 07645 (201) 573-3300

To and part of Schedule(s) No. 2 to Equipment Lease dated as of February 25,, 19 83
between **Merrill Lynch/IRFC Leasing Partners One** ("Lessor") and Consolidated Rail Corporation

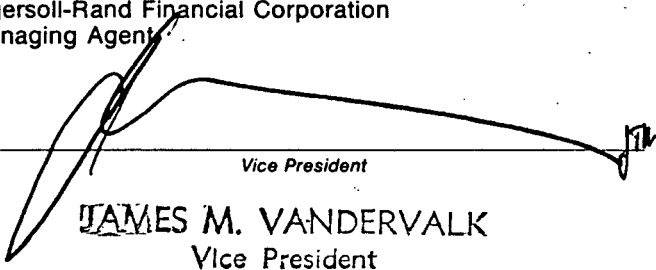
("Lessee").

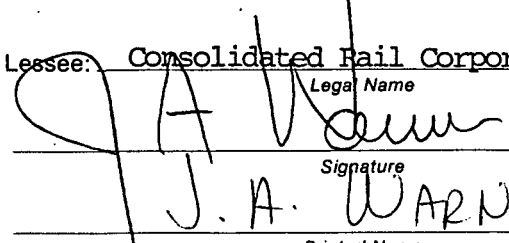
PURCHASE OPTION: Provided that Lessee is not then in default and has then fully performed all of its obligations hereunder, Lessee shall have the option at the expiration of the original and any renewal term of this Lease with respect to each Schedule hereto, exercisable upon not less than 90 days prior written notice to Lessor, to purchase all, but not less than all, of the Equipment leased under such Schedule, on an "as-is, where-is" basis and without warranty by Lessor, for a price (plus applicable taxes) equal to the then fair market value of such Equipment, as installed, as determined by an appraisal prepared by an independent appraiser chosen by Lessor with the approval of Lessee (such approval not to be unreasonably withheld). The cost of such appraisal shall be borne by Lessee.

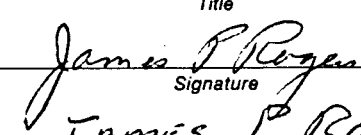
Dated as of February 25,, 19 83

Accepted by Lessor

Merrill Lynch/IRFC Leasing Partners One
Ingersoll-Rand Financial Corporation
Managing Agent

By 
Vice President
JAMES M. VANDERVALK
Vice President

Lessee: Consolidated Rail Corporation
Legal Name

Signature
J. A. WARNER
Printed Name
ASSISTANT TREASURER - FINANCING
Title

Witness: 
Signature
JAMES P. ROGERS
Printed Name

Leasing Partners One

A Partnership of Units of
Ingersoll-Rand and Merrill Lynch

Delivery and Acceptance Acknowledgement

Merrill Lynch/IRFC Leasing Partners One

One Paragon Drive, Montvale, New Jersey 07645 (201) 573-3300

TO: MERRILL LYNCH/IRFC LEASING PARTNERS ONE ("Lessor")
INGERSOLL-RAND FINANCIAL CORPORATION, MANAGING AGENT
One Paragon Drive
Montvale, NJ 07645

RE: Equipment Lease Dated February 25, 1983

Schedule No. 2

Vendor: The Kershaw Manufacturing Company, Inc.

The undersigned ("Lessee") hereby acknowledges that:

1. The Equipment leased under the above Equipment Lease and Schedule:
 - (a) has been delivered to and, as of this date, unconditionally accepted by the Lessee;
 - (b) is in good condition (operating and otherwise) and repair;
 - (c) is in full compliance with the terms of said Lease;
 - (d) is new personal property and no original use thereof has commenced prior to the date hereof; and
 - (e) is marked to show Lessor's interest in the manner requested by Lessor.
2. Unless otherwise specified on said Schedule, the Commencement Date under said Schedule is, and the obligation of the Lessee to pay rental with respect to said Equipment commences on, the date of this Acknowledgement.
3. In the event that the Lessee shall at any time hereafter have any problems with said Equipment, it will look solely to said Vendor for satisfaction and will nevertheless continue to pay rentals to Lessor free of any setoff, counterclaim or defense.

Lessee further certifies that (i) no event has occurred and is continuing which constitutes a default by Lessee under the Lease, (ii) no event has occurred and is continuing which, with the giving of notice, passage of time, or both would constitute such a default by Lessee under the Lease, and (iii) that there has not occurred any material adverse change in the financial or business condition of Lessee or any guarantor of Lessee's obligations to Lessor since the date of the last financial statements submitted to Lessor by Lessee or any such guarantor.

Lessee further acknowledges and understands that based upon the foregoing, Lessor will cause the balance of the purchase price for said Equipment to be paid to said Vendor.

Dated this 29th day of March, 19 83

Consolidated Rail Corporation

Lessee

By: J. A. Warner

Printed Name: J. A. Warner

Title: Assistant Treasurer-Financing

Leasing Partners One

A Partnership of Units of
Ingersoll-Rand and Merrill Lynch

Schedule No. Three

Merrill Lynch/IRFC Leasing Partners One

One Paragon Drive, Montvale, New Jersey 07645 (201) 573-3300

To and hereby made a part of Equipment Lease dated as of February 25, 1983,

between Merrill Lynch/IRFC Leasing Partners One ("Lessor") and Consolidated Rail Corporation

("Lessee").

Equipment:

Vendor:

Two (2) Nordberg Super "B" Multi-purpose Automatic Spiker and Gauging Machines

SN428, SN430

Original Location: _____

Estimated Delivery Date: April 1983

Latest Delivery Date: April 30, 1983

Initial Term of Lease: 84 months

Commencement Date (if ascertained): May 1, 1983

Rental: \$ 2,761.48 per month

Number of Rental Payments: 84

Lessors' Address for Rental Payments: P. O. Box 8500, S-4540, Philadelphia, PA 19178

Advance Rental: \$ 2,761.48

Security Deposit: none

Estimated Total Cost of Equipment: \$ 169,979.25

Maximum Total Cost of Equipment: \$ 175,000.00

Recovery Class 5 years Investment Tax Credit Percentage 10

Additional Provisions: I. In accordance with Section 40 of the Lease:

Equipment	Commencement Date	No. of Days	Interim Rent
One Automatic Spiker	April 4, 1983	27	\$ 932.86
One Automatic Spiker	April 26, 1983	5	172.43

TOTAL \$1,105.29

II. The Additional Provisions of Rider No. 1,2,3 and 4 to Schedules No. 1 and No. 2 to this Lease are incorporated as if fully set forth herein.

The Purchase Agreement Assignment dated February 25, 1983 to this Lease applies to Schedules No. 1,2, and 3 of this Lease.

Dated as of February 25, 1983

Lessee: Consolidated Rail Corporation

Accepted by Lessor
MERRILL LYNCH/IRFC LEASING PARTNERS ONE
INGERSOLL-RAND FINANCIAL CORPORATION
Managing Agent
Montvale, New Jersey 07645

By [Signature]
Vice President

JAMES M. VANDERVALK
Vice President

[Signature]
Legal Name
Signature

J. A. Warner
Printed Name

Assistant Treasurer-Financing
Title

WITNESS: _____

Signature

Printed Name

Leasing Partners One

A Partnership of Units of
Ingersoll-Rand and Merrill Lynch

Stipulated Loss Value Table

Merrill Lynch/IRFC Leasing Partners One
One Paragon Drive, Montvale, New Jersey 07645 (201) 573-3300

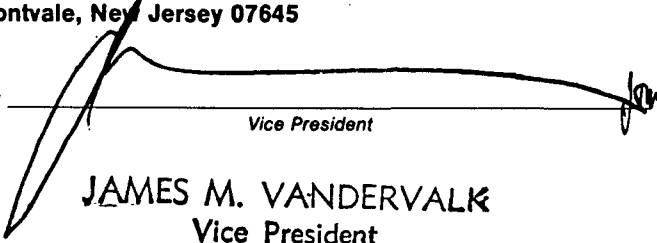
TO AND HEREBY MADE A PART OF SCHEDULE NO. 3 TO EQUIPMENT LEASE DATED AS OF February 25, 1983
BETWEEN MERRILL LYNCH/IRFC LEASING PARTNERS ONE, ("Lessor") AND
Consolidated Rail Corporation ("Lessee").

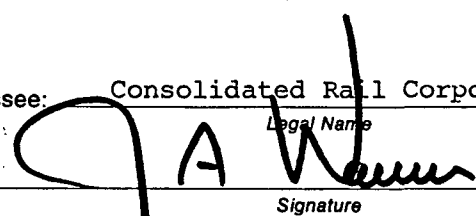
The "Stipulated Loss Value" of any Equipment as of a particular date shall be an amount equal to the product of (x) the actual cost of such Equipment to Lessor, and (y) the percentage specified below opposite the aggregate number of full rental installments paid (other than installments paid prior to their due date) and/or then payable by Lessee to Lessor with respect to such Equipment.

Number of Installments	Percentage	Number of Installments	Percentage	Number of Installments	Percentage
1	104.32	36	85.65	71	39.43
2	104.39	37	84.99	72	38.13
3	104.45	38	80.60	73	36.80
4	104.51	39	79.96	74	35.46
5	104.59	40	79.34	75	34.13
6	104.68	41	78.77	76	32.82
7	104.76	42	78.22	77	31.52
8	104.87	43	77.67	78	30.23
9	105.00	44	77.17	79	28.92
10	105.14	45	76.71	80	27.63
11	103.70	46	76.25	81	26.35
12	103.49	47	73.60	82	25.05
13	103.27	48	72.71	83	22.94
14	99.31	49	71.81	84	21.48
15	99.08	50	67.18	Thereafter	20.00
16	98.87	51	66.29		
17	98.70	52	65.43		
18	98.56	53	64.60		
19	98.41	54	63.81		
20	98.31	55	63.00		
21	98.25	56	62.24		
22	98.20	57	61.52		
23	96.26	58	60.79		
24	95.83	59	57.86		
25	95.39	60	56.71		
26	91.23	61	55.54		
27	90.80	62	50.64		
28	90.40	63	49.47		
29	90.04	64	48.32		
30	89.71	65	47.21		
31	89.38	66	46.12		
32	89.09	67	45.02		
33	88.85	68	43.95		
34	88.61	69	42.92		
35	86.29	70	41.87		

Dated as of February 25, 1983

Accepted by Lessor
MERRILL LYNCH/IRFC LEASING PARTNERS ONE
INGERSOLL-RAND FINANCIAL CORPORATION
Managing Agent
Montvale, New Jersey 07645

By  Vice President
JAMES M. VANDERVALK
Vice President

Lessee: Consolidated Rail Corporation

J. A. Warner
Assistant Treasurer-Financing
WITNESS: _____
Printed Name

Leasing Partners One

**A Partnership of Units of
Ingersoll-Rand and Merrill Lynch**

Delivery and Acceptance Acknowledgement

Merrill Lynch/IRFC Leasing Partners One

One Paragon Drive, Montvale, New Jersey 07645 (201) 573-3300

TO: MERRILL LYNCH/IRFC LEASING PARTNERS ONE ("Lessor")
INGERSOLL-RAND FINANCIAL CORPORATION, MANAGING AGENT
One Paragon Drive
Montvale, NJ 07645

RE: Equipment Lease Dated February 25, 1983

Schedule No. 3

Vendor: Eastern Railway Supplies, Inc.

The undersigned ("Lessee") hereby acknowledges that:

1. The Equipment leased under the above Equipment Lease and Schedule:
 - (a) has been delivered to and, as of this date, unconditionally accepted by the Lessee;
 - (b) is in good condition (operating and otherwise) and repair;
 - (c) is in full compliance with the terms of said Lease;
 - (d) is new personal property and no original use thereof has commenced prior to the date hereof; and
 - (e) is marked to show Lessor's interest in the manner requested by Lessor.
2. Unless otherwise specified on said Schedule, the Commencement Date under said Schedule is, and the obligation of the Lessee to pay rental with respect to said Equipment commences on, the date of this Acknowledgement.
3. In the event that the Lessee shall at any time hereafter have any problems with said Equipment, it will look solely to said Vendor for satisfaction and will nevertheless continue to pay rentals to Lessor free of any setoff, counterclaim or defense.

Lessee further certifies that (i) no event has occurred and is continuing which constitutes a default by Lessee under the Lease, (ii) no event has occurred and is continuing which, with the giving of notice, passage of time, or both would constitute such a default by Lessee under the Lease, and (iii) that there has not occurred any material adverse change in the financial or business condition of Lessee or any guarantor of Lessee's obligations to Lessor since the date of the last financial statements submitted to Lessor by Lessee or any such guarantor.

Lessee further acknowledges and understands that based upon the foregoing, Lessor will cause the balance of the purchase price for said Equipment to be paid to said Vendor.

Dated this 9th day of May, 19 83

Consolidated Rail Corporation

Lessee

By: 

Printed Name: J. A. Warner

Title: Assistant Treasurer-Financing

NOTARY CERTIFICATE

Re: Equipment Lease Dated February 25, 1983

Merrill Lynch/IRFC Leasing Partners One, Lessor
Consolidated Rail Corporation, Lessee

State of New Jersey
County of Bergen

I do hereby certify that the attached Lease and Schedules
having been compared to the original is a true and complete copy,
correct in all respects.

George P. Kohutanycz

GEORGE P. KOHUTANYCZ
NOTARY PUBLIC OF NEW JERSEY
MY COMMISSION EXPIRES APRIL 25, 1987

My Commission Expires _____